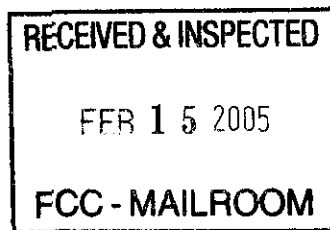




SHAPIRO  
SHER  
GUINOT &  
SANDLER



Paul Mark Sandler  
Direct Dial: 410.385.4272  
pms@shapirosheer.com

36 S. Charles Street  
Suite 2000  
Baltimore, Maryland  
21201-3147  
Telephone: 410.385.0202  
Facsimile: 410.539.7611

February 11, 2005

**VIA UPS OVERNIGHT DELIVERY**

Federal Communications Commission  
Office of the Secretary  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

DOCKET FILE COPY ORIGINAL

RE: CC Docket No. 02-6  
The Mill School  
Appeal of USAC's Denial of Funding Request Numbers  
387586, 387590, 387594

To Whom It May Concern:

This letter is an appeal of the above-referenced action by the Universal Service Administrative Company ("USAC"). The undersigned has been authorized to submit and discuss this appeal with representatives of the Federal Communications Commission.

The Mill School is a non-profit educational and residential facility for girls located in Baltimore, Maryland. The School currently educates and houses approximately forty (40) girls in grades 7 through 12. The School is approved by the Maryland State Department of Education.

These appeals concern contracts for installation and maintenance of internal internet connections at the School. The three service providers involved are DeltaNet, Serious ISP, and Myco Telecommunications. These providers installed network servers and internal connections pursuant to contracts with The School that were underwritten, in part, by the E-Rate Program.

A copy of the School's appeal letter to USAC is attached hereto as Exhibit A. A copy of USAC's denial letter is attached hereto as Exhibit B.

USAC denied the School's appeal relating to Funding Request 387586 based on a finding that The Mill School failed to maintain appropriate documentation regarding its service providers, DeltaNet, Serious ISP, and Myco Telecommunications. The Mill School appeals this finding because the School does maintain such documentation. Attached hereto as Exhibit C are bids, contracts, correspondence and invoices relating to the School's dealings with these service providers during the 2000-2001 program year. These documents, along with other documentation relating to the same program year,

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Federal Communications Commission  
February 11, 2005  
Page 2

are maintained in a binder kept at the School premises, and are available for further inspection upon request.

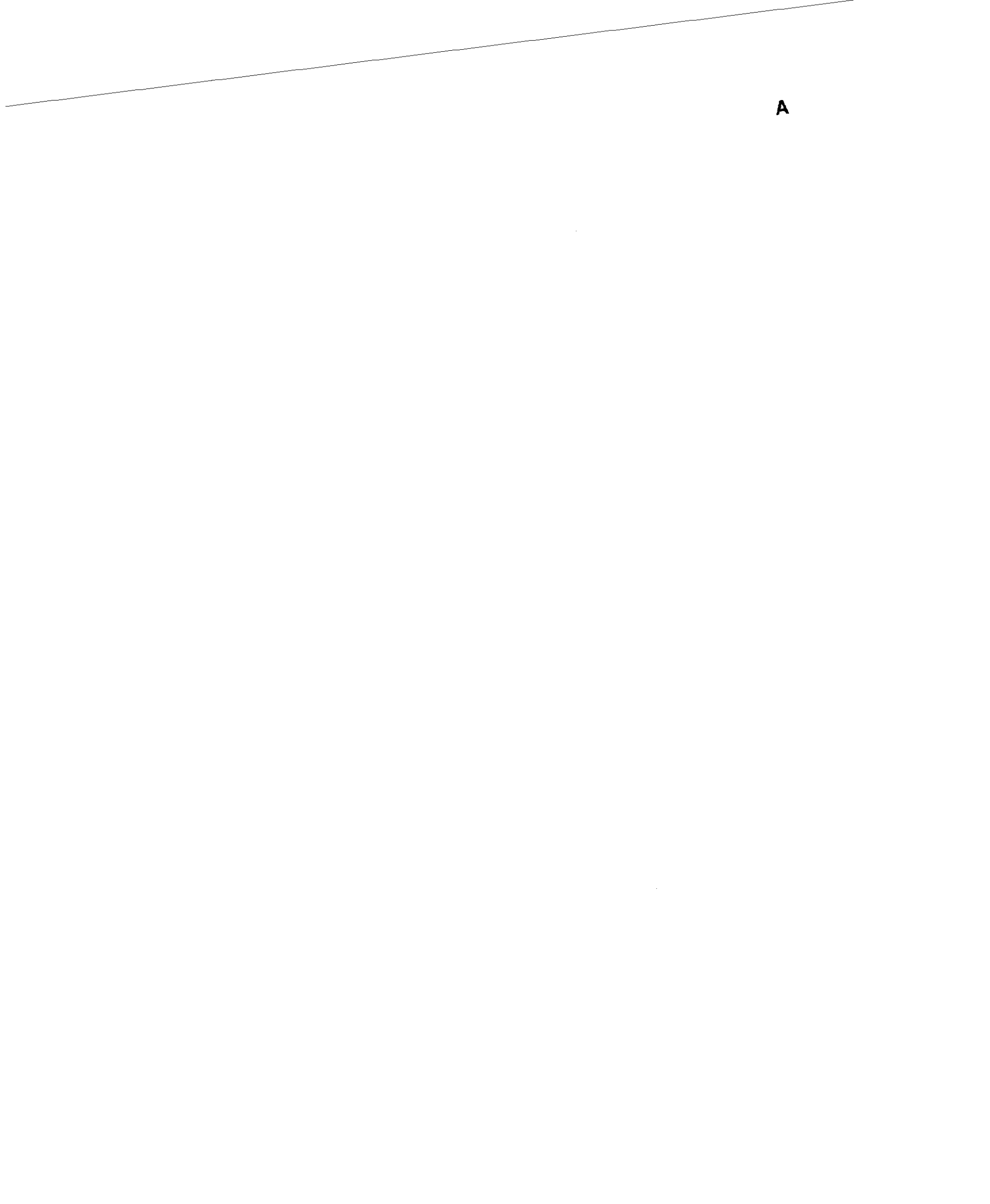
USAC also denied the School's appeals of Funding Requests 387590 and 387594. USAC determined that the non-discounted portion of the equipment and services received by the School through the E-Rate program is \$49,662.36. The School has already produced documentation of payments in the amount of \$4,000, resulting in a maximum potential liability of \$45,662.36. This is inconsistent with the Recovery Letter sent to the School in May 2004 (copy attached as Exhibit D), wherein USAC made a demand for recovery of \$98,480.70 with respect to Funding Requests 387590 and 387594. Accordingly, and without waiving any other defenses that may be available to it, the School requests the FCC to direct USAC to amend its recovery demand to correct this inconsistency.

For the foregoing reasons, The Mill School respectfully requests that the FCC consider the merits of this appeals, and find that The Mill School is not liable for additional payments to USAC. The undersigned is available at your convenience to address matters relevant to these appeals.

Very truly yours,

Paul Mark Sandler

cc: Anne Shervington Davis (via facsimile)  
Paul Clement (via facsimile)





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21201-3147  
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July 23, 2004

**VIA FACSIMILE: 1+973-599-6542 & UPS NEXT DAY AIR**

Letter of Appeal  
Schools and Libraries Division  
Box 125 – Correspondence Unit  
80 South Jefferson Road  
Whippany, NJ 07981

RE: APPEAL of the following USAC Recovery Letters:

- (1) Funding Request Number: 341936  
Date of USAC Recovery Letter: May 27, 2004  
Applicant Name: THE MILL SCHOOL  
Form 471 Application Number: 172470 (FY 2000-2001)  
SPIN Number: 143019766  
Service Provider: DeltaNet, Inc.  
Contract Number: TMMD 011200
- (2) Funding Request Number: 387586  
Date of USAC Recovery Letter: May 27, 2004  
Applicant Name: THE MILL SCHOOL  
Form 471 Application Number: 186031 (FY 2000-2001)  
SPIN Number: 143018855  
Service Provider: Myco Telecommunications, Inc.  
Billing Account No.: 4103664333  
Contract Number: 101102-119



Letter of Appeal  
July 23, 2004  
Page 2

- (3) Funding Request Number: 387590  
Date of USAC Recovery Letter: May 27, 2004  
Applicant Name: THE MILL SCHOOL  
Form 471 Application Number: 186031 (FY 2000-2001)  
SPIN Number: 143020006  
Service Provider: Serious ISP, Inc.  
Billing Account No.: 4103664333  
Contract Number: 110104
- (4) Funding Request Number: 387594  
Date of USAC Recovery Letter: May 27, 2004  
Applicant Name: THE MILL SCHOOL  
Form 471 Application Number: 186031 (FY 2000-2001)  
SPIN Number: 143020006  
Service Provider: Serious ISP, Inc.  
Billing Account No.: 4103664333  
Contract Number: 110104

Dear Sir or Madam:

This letter is an appeal of the above-referenced Recovery Letters. The undersigned has been authorized to submit and discuss this appeal with USAC and SLD representatives.

Background

The Mill School ("The School") is a non-profit educational and residential facility located in Baltimore, Maryland. The School has been approved by the Maryland State Department of Education. The School currently educates and houses approximately forty (40) girls in grades 7 through 12.

The School's day-to-day operations are supervised by its Executive Director, Anne Shervington Davis. The financial records for The School are maintained by



Letter of Appeal  
July 23, 2004  
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Finance Director, Paul Clement. Ms. Davis and Mr. Clement can be reached at The School on weekdays by calling (410) 366-4333. Additionally, questions and comments may be directed to the undersigned at the telephone number listed above.

### The Appeals

These appeals concern contracts for installation and maintenance of internal internet connections. The three service providers involved are DeltaNet, Serious ISP, and Myco Telecommunications. These service providers installed servers and internal connections pursuant to contracts with The School that were underwritten, in part, by the E-Rate Program.

Below is a brief discussion of The School's responses to the various issues raised by USAC in the Recovery Letters referenced above.

#### 1. Documentation of Service Provider Selection.

In 1999, The Mill School was contacted by DeltaNet about the E-Rate program; the School had not previously participated in the E-Rate program. After discussing the program with DeltaNet, The School posted its Form 470 to obtain bids for internal internet connections. The Form 470 was posted for at least 28 days, as required by the Federal Communications Commission. See Detail Exception Worksheet #1 (Funding Year 2000) ("Worksheet #1), a copy of which is attached hereto as Exhibit 1. The School also waited until the allowable contract date before signing contracts with service providers. See Worksheet #1. During an audit, however, USAC made a finding that The School "failed to produce documentation supporting why these service providers were selected over other respondents to the posting of the Form 470." See Worksheet #1 at page 1.

The School maintains E-Rate Documentation in binders that are kept on School Grounds. The School keeps one binder for each E-Rate funding year. These appeals concern Funding Year 2000. For that year, The School has maintained accurate records of its Form 471, the bids received, its contracts with service providers, and other matters



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July 23, 2004  
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relating to the School's participation in the E-Rate program. The records contained in the binder for Year 2000 do not include any notes or memoranda to indicate the reason for choosing DeltaNet, Serious ISP and Myco as service providers. However, based on Ms. Davis recollection of the discussions with service providers, DeltaNet, Serious ISP and Myco were chosen to set up the internal connections for internet because their presentations were thorough and professional, and because they demonstrated an ability and willingness to work well with The School's staff. However, The School did not create any other written documentation evidencing the criteria or methods for choosing these service providers. All records in possession of The School have already been produced for inspection to the auditors. Moreover, all three providers delivered and installed all products and services contracted for. Under these circumstances, it cannot be said that The School breached Sections 54.504 or 54.516 of the FCC regulations.

2. Location of network servers.

As part of The School's E-Rate audit, USAC was given a tour of The School's facilities. During the tour, USAC inventoried The School's computer connections. USAC determined that all 24 of The School's E-Rate-funded port hubs were properly accounted for. See Detail Exception Worksheet #2 (Funding Year 2000) ("Worksheet #2"), a copy of which is attached hereto as Exhibit 2. USAC also found, however, that The School's servers were not kept on School grounds; rather, the server was maintained at the offices of the service provider, Serious ISP. See Worksheet #2. USAC noted that the contract between The School and Serious ISP states that the school agrees to "maintain possession, custody and control of all equipment." See Worksheet #2.

The off-site location of the server has not adversely affected The School's ability to provide students with access to the internet. In fact, the maintenance of the servers off-site has helped the School to conserve its space for other uses and needs. In addition, the off-site location facilitated the maintenance of the servers by Serious ISP. Moreover, the off-site location of the servers does not appear to violate any FCC or SLD regulation. The only regulation cited in Worksheet #2 concerns the timing, rather than the location, of delivery and installation.



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3. Payment of The School's discounted portion of E-Rate services.


As a result of its audit, USAC determined that "The Mill School should have paid \$49,662.36 for their non-discounted portion of the equipment and services received through the E-Rate program." See Detail Exception Worksheet #3 (Funding Year 2000) ("Worksheet #3"), a copy of which is attached hereto as Exhibit 3.

The School has already produced evidence that it paid \$4,000 toward its non-discounted portion of the E-Rate services it received. The School is attempting to secure additional grants and funds to accomplish its goal of paying the non-discounted portion of the equipment and service received through the E-Rate program. The School has been stymied, however, by the fact that its key finance employee left the School abruptly in 2000. Since that time, The School has been trying to raise additional funds to catch up on its financial commitments, including its obligations to USAC.

Conclusion

For the foregoing reasons, The Mill School respectfully requests that SLD consider the merits of these appeals, and find that The Mill School is not liable for additional payments to SLD or USAC. The undersigned is available at your convenience to address matters relevant to these appeals.

Very truly yours,

  
Paul Mark Sandler

cc: Anne Shervington Davis (via facsimile)  
Paul Clement (via facsimile)



**The Mill School  
Detail Exception Worksheet # 1  
Funding Year 2000**

**Background:**

E-Rate support is available for eligible schools (as defined in the Elementary and Secondary Act of 1965), provided all FCC rules and the Schools and Libraries program requirements are met.

**Condition:**

We asked Ms. Davis about The Mill School's competitive bidding (service provider selection) process.

**Finding:**

Ms. Davis stated that the school was contacted and told about the E-rate program. Ms. Davis also stated that it might have been DeltaNet that originally contacted the school. The Mill School's Form 470 was posted for the required 28 days and contracts were signed after the allowable contract date. Ms. Davis stated that DeltaNet, Serious ISP, and Myco Technologies were chosen as The Mill School's service providers because they answered her question the best. The applicant failed to produce documentation supporting why these service providers were selected over other respondents to the posting of the Form 470.

**Governing Regulation:**

FCC § 54.504 states that schools shall seek competitive bids for all services eligible for support under §§ 54.502 and 54.503. These competitive bid requirements apply in addition to state and local competitive bid requirements and are not intended to preempt such state or local requirements.

FCC § 54.516 states schools shall be required to maintain for their purchases of telecommunications and other supported services at discounted rates the kind of procurement records that they maintain for other purchases. Further, schools shall produce such records at the request of any auditor appointed by the Administrator.

Furthermore, FCC rules require the retention of application-related documents for a period of 5 years.

**Applicant Response:**

**Management's Comments:**

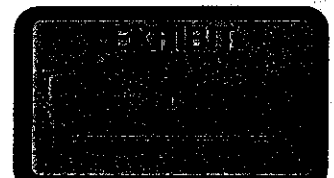
For use by the Internal Audit Department ONLY:

Page 1 of 6

Audit Report

Oral Comment

Exception Waived



**The Mill School  
Detail Exception Worksheet # 2  
Funding Year 2000**

**Background:**

For each contract or service agreement upon which a request for discounts is based, a specific itemization of products and/or services to be provided and the associated costs adding up to the pre-discount costs shown in Item (23) of Block 5 of form 471 is required.

**Condition:**

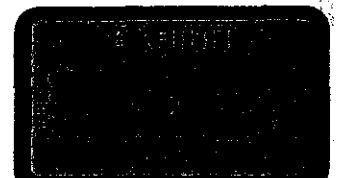
We requested a tour of The Mill School to gain an understanding of how the E-rate funds were used and to see the equipment that was installed and whether or not it was operational.

**Finding:**

Equipment per DeltaNet Bills	Qty	Actual Equipment Installed	Qty
Dual Speed 10/100 24 Port Hubs	34	10/100 24 Port Hubs	29
10/100 Network Switch Controller	8	10/100 Network Switch Controller	8
7ft. X 19" Rack Mount w/Fans and Covers	1	7ft. X 19" Rack Mount w/Fans and Covers	1
Intel Pentium III Dual Processor Server	1	Intel Pentium III Server	1
Equipment per Serious ISP Bills		Actual Equipment Installed	
Ericson Tigris Router	1	Router	1
Dedicated Internet File Server	1		
Dedicated Proxy Server	1		
Dedicated Exchange Server	1		
Motorola FT1 008 CSU/DSU	1	CSU/DSU	1
UPS	1	UPS	1
Network Switch Controller	1	10/100 Network Switch Controller	1

Mr. Earnest Thompson, an employee of The Mill School, led the tour and inventory. During the inventory, there was one room that we could not gain access to. Mr. Thompson explained that the person who had the key to the room was not present that day and that the room contained five 24 port hubs. This accounts for all 34 of the 24 port hubs. Mr. Thompson also stated that DeltaNet had been to the school the week prior to do a complete equipment inventory and assured us that everything was in place.

It was noted that the three E-rate funded servers provided by Serious ISP were not located on the school's grounds. Mr. Thompson explained that Serious ISP kept and maintained the servers in their offices. It was also noted that the signed contract between Serious ISP and the Mill School states that the school agrees to "maintain possession, custody and control of all equipment".



**Governing Regulation:**

Per the SLD website non-recurring services must be delivered and installed between July 1 of the relevant Funding Year and September 30 following the June 30 close of that Funding Year.

**Applicant Response:**

**Management's Comments:**

For use by the Internal Audit Department ONLY:

Page 3 of 6

Audit Report

Oral Comment

Exception Waived

**The Mill School  
Detail Exception Worksheet #3  
Funding Year 2000**

**Background:**

Eligible schools may receive discounts on eligible telecommunications services ranging from 10 percent to 90 percent, depending on economic need and location (urban and rural). Economic need is measured based upon the percentage of students eligible for the National School lunch Program or other federally approved alternative mechanism.

In order to ensure efficiency and accountability, Schools and Libraries are required to pay the non-discounted portion of the telecommunication equipment and service costs. Schools and Libraries must demonstrate that they have secured the necessary funding to pay for their non-discount portion.

**Condition:**

Listed below is a synopsis of the applications and discount percentages submitted by The Mill School to the Schools & Libraries Division during the audit period.

**Funding Commitments Year 2000 – 07/01/00-06/30/01**

<u>Application #</u>	<u>Committed</u>	<u>Discount</u>	<u>Service Type</u>
172470	\$333,961.07	90%	Internal Connections
186031	\$98,480.70	90%	Internal Connections
186031	\$14,776.20	90%	Telecomm Service
	<u>\$447,217.97</u>		

In Funding Year 3, The Mill School applied for \$496,908.86 and received a Funding Commitment Decision in the amount of \$447,217.97. A total of \$446,961.22 was disbursed between DeltaNet, Serious ISP, and Myco Telecommunications by SLD on behalf of The Mill School during Funding Year 2000.

Based on the pre-discounted amount, \$496,623.58, that was disbursed, The Mill School should have paid \$49,662.36 for their non-discounted portion of the equipment and services received through the E-rate program.

We interviewed Anne Davis, Administrator, at The Mill School to obtain an understanding how the school pays for their discounted portion of their E-Rate Services. Ms. Davis stated that the school had been "financially strapped" for the past 10 years and that they have not been able to pay their full 10% share.

We requested copies of all DeltaNet, Serious ISP, and Myco Telecommunications bills to The Mill School.

For use by the Internal Audit Department ONLY:

Page 4 of 6

Audit Report

Oral Comment

Exception Waived



**Finding:**

We requested documentation from the Mill School to support payments made to service providers for their non-discounted portion. A copy of a check was provided that was made out to DeltaNet in the amount of \$2000.00 on 2/20/2003. Also, during our review we noted that a \$2000.00 payment was made to Myco Telecommunications. This was noted on the 10/10/2000 bill. The documentation provided to prove payment is a letter to John Hamilton. Furthermore, the Mill School only provided the 8/2000 – 12/2000 Myco Telecommunications bills, totaling \$7,238.01. Therefore we cannot c

**B**



**Universal Service Administrative Company**  
Schools & Libraries Division

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**Administrator's Decision on Appeal - Funding Year 2000-2001**

December 15, 2004

Paul Mark Sandler  
Shapiro, Sher, Guinot & Sandler  
36 S. Charles Street  
Suite 2000  
Baltimore, MD 21201-3147

Re: The Mill School

Re: Billed Entity Number: 209648  
471 Application Number: 186031  
Funding Request Number(s): 387586, 387590, 387594  
Your Correspondence Dated: July 23, 2004

After thorough review and investigation of all relevant facts, the Schools and Libraries Division ("SLD") of the Universal Service Administrative Company ("USAC") has made its decision in regard to your appeal of SLD's Funding Year 2000 Commitment Adjustment Letter for the Application Number indicated above. This letter explains the basis of SLD's decision. The date of this letter begins the 60-day time period for appealing this decision to the Federal Communications Commission ("FCC"). If your letter of appeal included more than one Application Number, please note that for each application for which an appeal is submitted, a separate letter is sent.

Funding Request Number: 387586, 387590, 387594  
Decision on Appeal: **Denied in full**  
Explanation:

- On appeal, you disagree with the SLD's conclusions in the Commitment Adjustment Letter. In support of your appeal, you assert that the school has already produced evidence that it has paid \$4,000.00 towards its non-discounted portion of the E-rate services it received. You further affirm that the school is attempting to secure additional grants and funds to accomplish its goal of paying for the non-discounted portion of the equipment and services obtained through the E-rate program. You also contend that the school's key finance employee left abruptly in 2000 rendering difficult to maintain the financial commitment. In closing the appeal, you request the SLD to consider the merits of the appeal and find that The Mill School is not liable for additional payments to the SLD or USAC.

- During the audit and on appeal, you concurred with the audit findings that the school has failed to pay for its non-discounted portion of the funding. As of the date of the audit the school had paid a total of \$4,000.00 to their service providers, which represents only a portion of their non-discounted share of \$49,662.36 for the equipment and services received through the E-rate program. Program rules require applicants to pay the full non-discounted portion of the cost of the goods and services to their service providers. The service providers are required to bill applicants for their non-discounted portion and are required to commit to do so in the service provider annual certification (Form 473). As the applicant did not pay the required share, a recovery of the funds disbursed by the SLD is needed. You have failed to provide evidence on appeal that SLD has erred in its decision; consequently, the appeal is denied.
- FCC rules require applicants to certify that, at the time they submit the FCC Form 471, they have secured access to all of the resources, including computers, training, software, maintenance, and electrical connections necessary to make effective use of the products and/or services purchased as well as to pay the non-discounted charges for eligible products and/or services. 47 C.F.R. § 54.504(b); FCC Form 471, Block 6 Item 25. The FCC has emphasized the importance of conducting this review to protect the integrity of the schools and libraries support mechanism. *Request for Review by New Orleans Public Schools, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of National Exchange Carrier Association, Inc.*, CC Docket Nos. 96-45 and 97-21, Order, 16 FCC Rcd. 16,653, DA 01-2097 (rel. Sep. 18, 2001). This rule requires the applicant to pay its service provider the full cost of the non-discounted portion owed to the service provider from the funds budgeted within that funding year.

If your appeal has been approved, but funding has been reduced or denied, you may appeal these decisions to either the SLD or the Federal Communications Commission (FCC). For appeals that have been denied in full, partially approved, dismissed, or cancelled, you may file an appeal with the FCC. You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

We thank you for your continued support, patience, and cooperation during the appeal process.

Schools and Libraries Division  
Universal Service Administrative Company



Cc: Anne Shervington Davis  
The Mill School  
3110 Crittenton Place  
Baltimore, MD 21211



1	\$	9,000.00	1 year equipment and labor maintains the router, CSU/DSU and Circuit	\$9,000.00
1		INCL	24/7 Technical Support	
<b>Training</b>				
8		N/C	Web Design - Front page, Publisher	
8		N/C	Internet Curriculum Intergration	
4		N/C	Intranet - administration	
			Internet - Background, Site Management, On-line and Off-line Site	
4		N/C	Manipulation, Favorites and general operation for teachers	
<b>Contract Total</b>				<b>\$122,881.00</b>

I understand and agree that my contract shall begin on **1 JULY 2000** and expire on **30 JUNE 2001**. I further agree to be bound by the terms and conditions

Contract #: **110104**

# SERIOUS isp

3514 CLINTON PARKWAY SUITE A #342  
LAWRENCE, KS 66047  
785-830-0500  
SPIN # 143020006

WHEN ITS TIME TO GET CONNECTED TO THE INTERNET ITS TIME TO GET SERIOUS!

## CUSTOMER BILLING INFORMATION

Date: 1/11/00

Name: The Mill School  
Address: 3110 Crittenton Place  
Baltimore, MD 2121

Sales Rep: Doug

E-rate Application # 695750000271512

Telephone: (410) 366-4333  
Fax: (410) 235-2262

PO#

QTY	RATE	DESCRIPTION	PRICE
<b>Internet Access Fees</b>			
12	\$ 1,495.00	Dedicated T-1 Internet Monthly Access fee (monthly)	\$17,940.00
1	\$ 6,200.00	T-1 Line Internet Access Setup Fee	\$6,200.00
<b>Services</b>			
500	\$ 3.50	Dedicated Electronic Mail Accounts Using School Domain	\$1,750.00
1	\$ 2,500.00	Electronic mail services setup	\$2,500.00
12	INCL	Electronic mail services Administration (monthly)	
12	\$ 275.00	Internet Caching Service (monthly)	\$3,300.00
1	\$ 2,950.00	Internet Caching Service Setup Fee	\$2,950.00
1	\$ 400.00	Web Site Setup	\$400.00
	\$ 185.00	Web Page Design/Development	\$0.00
1	INCL	Web Page Hosting - 20 MB	
	\$ 100.00	Additional Web Site hosting space - 20MB	\$0.00
1	\$ 150.00	Domain Name Registration and Service Setup	\$150.00
1	\$ 135.00	User Account Setup	\$135.00
1	\$ 275.00	Domain Hosting	\$275.00
12	\$ 50.00	Daily Backup Service	\$600.00
12	\$ 500.00	Full Filter Firewall for security	\$6,000.00
1	\$ 1,000.00	Network Administration Setup Fee	\$1,000.00
1	\$ 4,400.00	Network Security Setup	\$4,400.00
46	\$ 25.50	Workgroup Setup	\$1,173.00
1	\$ 2,250.00	Internal Network Administration Setup Fee	\$2,250.00
1	INCL	3-5 GIGS HD	
46	\$ 25.50	Intranet setup	\$1,173.00
	\$ 7,500.00	Filter	\$0.00
	\$ 239.40	Dial-up Unlimited Services (monthly rate of 19.95)	\$0.00
<b>Leased Equipment</b>			
12	\$ 1,650.00	Ericson Tigris Router: data, voice and video traffic expandable multi-protocol	\$19,800.00
12	\$ 1,550.00	Dedicated Internet File Server: Dual Pentium II XeonÂTD Dual Pentium II XeonÂ® 450MHz 512K Cache, Redundant Power Supplies 512MB 4X128 EDO DIMMs Memory PERC 2 RAID Expandable Controller w/ 64MB Cache (3) 18GB1 Ultra-2 LVD SCSI 7200 RPM Hard Drive, BOOT and DHCP server, Log Monitor	\$18,600.00
12	\$ 525.00	Dedicated Proxy Server: Dual Pentium II XeonÂ® processors at 450MHz 512K Cache,	\$6,300.00

1	\$	9,000.00	1 year equipment and labor maintains the router, CSU/DSU and Circuit	\$9,000.00
1		INCL	24/7 Technical Support	
<b>Training</b>				
8		N/C	Web Design - Front page, Publisher	
8		N/C	Internet Curriculum Intergration	
4		N/C	Intranet - administration	
4		N/C	Internet - Background, Site Management, On-line and Off-line Site Manipulation, Favorites and general operation for teachers	
<b>Contract Total</b>				<b>\$122,881.00</b>

I understand and agree that my contract shall begin on **1 JULY 2000** and expire on **30 JUNE 2001**. I further agree to be bound by the terms and conditions therein except as expressly modified herein. If I discontinue my Serious ISP service before the expiration date of this contract, I agree to pay the amount equal to the unpaid balance for the remainder of this Contract. **THIS CONTRACT IS CONTINGENT ON INSTITUTION RECEIVING E-RATE FUNDING**

#### TERMS OF AGREEMENT

I understand and agree to be bound by the terms and conditions within this contract. In addition, I acknowledge that I will be responsible and hereby accept liability for any applicable service charges as outlined in my contract.

In the event that my service is disconnected prior to the expiration of my commitment, I will be responsible for returning any and all equipment provided pursuant to this Contract. In the event the equipment is not returned, I understand that applicable equipment charges will be assessed in accordance with Terms and Conditions of this contract.

In my individual capacity and on behalf of the entity I represent, if any, I acknowledge that I have read and understand all of the terms and conditions contained within this document, and I acknowledge and agree to be bound hereby.

Signature: X *James S. Davis*

Date: 1-14-00

#### GENERAL TERMS AND CONDITIONS

In this Agreement, "we", "us" and "our" mean (Serious ISP). "I", "you" and "your" mean the customer named on the contract.

**BUYOUT.** You may cancel this agreement at any time and you may be required to pay all the applicable monthly charges and any other charges as outlined in the corresponding contract. In the event you do not return equipment provided to you, pursuant to this agreement, you'll be assessed a minimum \$45,000.00 equipment charge within the first 12 months.

**MAINTENANCE; CARE.** You agree (a) to maintain possession, custody and control of all equipment; (b) to keep the equipment in good operating condition, repair and to protect equipment from damaged or deterioration, other than normal wear and tear; (c) not to make any modifications to the equipment; (d.) to report any loss, theft or accidental damage to equipment to us immediately at 785-830-0500 and to the local police department and to obtain a police report and provide as a copy, and (e) to provide any other information or documents we may require in connection with any loss, theft or accidental damage to the equipment. If your replacement equipment is damaged and requires repair, return it to 3514 Clinton Parkway, Suite A#342, Lawrence, Kansas 66047. The equipment will be repaired or replaced as quickly as possible.

**LOST, THEFT OR DAMAGE.** Call 785-830-0500 to report the loss, theft or accidental damage to the equipment. If within 15 days of the loss, theft or accidental damage, you provide a copy of the police report and provide other information we may require in connection with the loss, theft or accidental damage, we will repair or replace it with a similar equipment (which may be new, used or refurbished at our option).

**TITLE.** The equipment is our property and you have no right, title or interest in the equipment. **THIS AGREEMENT IS NOT ASSIGNABLE BY YOU.**

**DEFAULT; REMEDIES.** We may terminate this Agreement if you default in performing any of your obligations under this Agreement. In the event of your default, without giving you notice except as otherwise provided by applicable law (a) we may exercise any and/or all rights and remedies provided by law; (b) we have the immediate right to take possession of all equipment and for that purpose your consent to our entering your facilities without demand or notice, without any court order or other process of law and without being liable to you for any damage or other amount. Upon such a default by you, if the equipment is not returned to us in good working order at 3514 Clinton Parkway, Suite A#342, Lawrence, Kansas 66047, we may also invoice you for a minimum of \$45,000.00, which invoice will be payable by you upon receipt.

**LATE CHARGES; COLLECTION COSTS; ATTORNEYS' FEES.** If any amount due us is not paid when due, the amount will bear interest at a rate equal to 17% apr. If we must use the services of a collection agency or attorney to collect any amount owed by you to us, to recover the equipment from you, to enforce any guarantee or to defend any claim or cause of action you may assert against us, you agree to pay any and all actual costs incurred by us including, but not limited to collection agency fees, court fees, attorneys fees, expert witnesses fees and any and all other expenses incurred by us.

**DISCLAIMER OF WARRANTIES; LIMITATIONS OF LIABILITY.** You acknowledge that we are not the manufacturer of the equipment and you agree that we have not made any and that we hereby disclaim all representations and warranties whatsoever, direct or indirect, express or implied, including those of suitability, durability, fitness for a particular purpose, merchantability, condition, quality or treatment of for tax purposes of the equipment. You hereby waive and release all right to make claim against us for breach of warranty of any kind whatsoever. We shall not in any event be liable to you or others for any loss, damage or expense of any kind whatsoever cause directly or indirectly by the equipment however arising, or the maintenance of the equipment or the equipments failure to operate, or by any delay, or by a the interruption of service or loss of use of the equipment for any loss of business or profits, or any direct, indirect or consequential damage whatsoever and howsoever cause, except for injury to any person caused by our gross negligence. No representation or warranty as to the phone or any other matter by the manufacturer or anyone else (including our employees and agents) shall alter this paragraph or be binding on us to, attorneys' fees), arising directly or indirectly out of the ownership, selection, possession, operation, control, use, condition, maintenance or disposition of the equipment. This paragraph 11 shall survive after termination of this agreement.

**GENERAL PURPOSE PROVISIONS.** It is agreed that any claim or cause of action you may have against us arising out of, or in connection with, this Agreement or the phone, must be commenced by the filing of the complaint in a court of competent jurisdiction within no more than one year after occurrence whether or not you have knowledge of its account at the time. This agreement is covered by Kansas law. This is the entire agreement between you and us and may not be altered, amended, modified or changed except in writing signed by you and are authorized officer of (Serious ISP). This agreement in conjunction with your Contract supersedes any prior or contemporaneous statements, proposals or any written or oral communication between you and us or between you and any third party.

# MYCO TECHNOLOGIES, INC

PMB 342, 3514 Clinton Parkway Suite A  
Lawrence, KS 66047

Tel: (785) 830-0500 Fax: (785) 830-0505

Your Telecommunications Specialists

## Telecommunication Agreement

Contract #: 101102-119

Agreement Date: 10-Jan-00  
SPIN: 143018855

Activation Date: 1-Jul-00  
Sales Rep.: LD

### CUSTOMER BILLING INFORMATION

The Mill School  
Billing Name  
Anne Davis  
Attention  
3110 Crittenton Place  
Mailing Address  
Baltimore  
City  
MD 21211  
State Zip  
410-366-4333  
Business Phone Home Phone  
695750000 271512  
USCN

### SERVICE FEE INFORMATION

Long Distance Rate  
8.5 cents 9 cents  
State-to-State per min. rate In-State per minute rate  
8.5 cents  
800# per minute rate International per minute rate

### Line Connections

Service Description	Cost	QTY
ISDN Monthly Access Fee:		
Line installation Fee:		
T-1 Monthly Access Fee:	\$ 145.00	3
Line installation Fee:	\$ 1,669.00	3
Frame Relay Mo. Access Fee:		
Line installation Fee:		
Switched Line Fee	\$ 35.00	
Line installation Fee:	\$ 75.00	
Monthly Maintenance Fee:	\$ 5.00	
Service Fee:	\$ 17.50	

### IDENTIFICATION VERIFICATION

er's License Number State Sales Rep Initials  
mm ldd lyy  
Social Security Number Date of Birth

Incoming telecommunication Lines are to be shared among services as follows: Phone: 2 FAX: 1 Internet: 1

### SERVICE COMMITMENT

I understand and agree that my contract shall expire on 30 JUNE 2001. I further agree to be bound by the terms and conditions therein except as expressly modified herein. If I discontinue my (MYCO) Telecommunication service before the expiration date of this contract, I agree to pay the amount equal to the unpaid balance for the remainder of this Contract

Customer Initials ADP

### TERMS OF AGREEMENT

I understand and agree to be bound by the terms and conditions within this contract. In addition, I acknowledge that I will be responsible and hereby accept liability for any applicable service charges as outlined in my contract.

I understand that (a) all long distance services will be billed at the rate of 6 second increments, (b) the bill will be itemized, (c) rates have been determined using your current average monthly usage of \$

My signature on this form authorizes (MYCO) to notify the local phone company to switch my long distance service and local toll service to (MYCO). I may select only one Interstate and UnterLATA long distance carrier and one intrastate or local toll carrier per telephone number. One toll service provider may be both my interstate or interLATA primary interexchange carrier and my intrastate or intraLATA primary interexchange carrier but I may have different providers for each.

In my individual capacity and on behalf of the entity I represent, if any, I acknowledge that I have read and understand all of the terms and conditions contained within this document, and I acknowledge and agree to be bound hereby.

Anne S. Davis  
Signature  
Chief Executive Officer  
Title

14-Jan-00  
Date

## SERVICE AGREEMENT FOR CUSTOMERS WITH \$25.00 MONTHLY USAGE MINIMUM

### MYCOBIZ Service

-Service Provided by MYCO Technologies, Inc. (MYCO)-

Twelve (12) Month Term with Term Plus Promotion (122251-QB17069)

MYCO offer to you for services as provided in this Agreement is effective until May 31, 2000.

**Definitions:** "Agreement" refers to this MYCO Service Agreement. "Customer" refers to the name of the entity executing this Agreement, which name is set forth below. "MYCO" refers to MYCO Technologies, Inc. (MYCO) a subdivision of MYCO Technologies, Inc. "Initial Term" shall be twelve (12) consecutive months beginning on the Effective Date. "Effective Date" shall mean the date upon which both parties have executed this Agreement.

**Services:** Pursuant to this Agreement, Customer shall receive MYCOBIZ Service, which shall include interLATA service (including interstate, intrastate and international service) and, where available, intraLATA service (including interstate and intrastate services). In consideration of Customer's commitment to use MYCOBIZ Service under the terms of this Agreement and the Tariff, MYCO agrees to provide Q.b7im Service to Customer at the Tariff rates and terms in effect on the Effective Date.

**Tariff Considerations:** MYCO will provide to Customer, and Customer will receive from MYCO, (1) interstate and international telecommunications service(s) provided pursuant to MYCO Tariffs FCC "Nos. 2 and 3 (and any other applicable interstate and international tariff of MYCO and/or its affiliates) and (2) intrastate telecommunications services provided pursuant to MYCO's applicable state tariffs (all MYCO tariffs referenced herein are collectively referred to as the Tariff). This Agreement is subject to and incorporates by reference the terms of the Tariff. MYCO may modify the Tariff from time to time in accordance with law, which modifications may affect service(s) furnished to Customer.

**Term and Monthly Commitment:** For each month of the Initial Term of this Agreement, Customer's usage of MYCOBIZ Service shall be at least twenty-five dollars (\$25.00) ("Monthly Commitment"). To determine whether Customer satisfies the Monthly Commitment, MYCOBIZ will count Customer's total MYCOBIZ Service charges based on the applicable Tariffed rates associated with the Monthly Commitment less taxes, monthly recurring charges and non-recurring charges. If, during any month of the Term, Customer's total usage of MYCOBIZ Service falls below the Monthly Commitment, Customer shall pay for each such month the actual amount billed for that service plus the difference between that amount and the Monthly Commitment.

**Termination:** This Agreement shall, upon expiration of the Initial Term, automatically renew for successive twelve (12) month periods ("Renewal Term") at the Tariffed rates and Monthly Commitment in effect at the time of such renewal; provided, however, that either Customer or MYCO may terminate this Agreement at the end of the Initial Term or at the end of any Renewal Term by providing written notice thereof to the other party, which notice must be received by the other party not less than thirty (30) days prior to the end of such term. Customer's notice of termination must be sent to MYCO Attention: Account Resolution Department, RA# 20275, PMB 342, 3514 Clinton Parkway Suite A, Lawrence, KS 66047. MYCO is providing service pursuant to the Tariff and if Customer terminates early, it will be subject to the early termination charges stated therein. In the event Customer disconnects all MYCO services, it is Customer's responsibility to: (i) contact the applicable local exchange company for the purpose of canceling the equal access portion of the MYCOBIZ Service; and (ii) to notify MYCO in writing within thirty (30) days of such cancellation.

**Legislative, Regulatory or Judicial Activity:** Notwithstanding any statement to the contrary contained in this Agreement or the Tariff, in the event that any regulatory agency, legislative body or court of competent jurisdiction promulgates regulations or modifies existing ones including, without limitation, regulations regarding payphone compensation, access charges and/or universal service ("Regulatory Activity"), MYCO reserves the right, at any time and without notice, to: (i) pass through to Customer all, or a portion of any charges or surcharges directly or indirectly related to such Regulatory Activity; and/or (ii) modify the rates, including any rate guarantees, and/or other terms and conditions contained in this Agreement and/or the Tariff to reflect the impact of such Regulatory Activity.

#### Term Rate Promotion

(a) In consideration of Customer's commitment to use the services as provided herein, Customer shall receive a switched domestic interstate rate

(b) Customer represents that it has received from a competitor of MYCO an offer comparable to the offer set forth in this Agreement.

#### Miscellaneous:

(a) If during the Term, Customer's MYCOBIZ Service originates and terminates within the same state(s) and exceeds five thousand dollars (\$5,000) of usage in a given month ("\$5,000 Level"), MYCO shall have the right to increase the rate for all usage within the applicable state(s) exceeding the \$5,000 Level to \$.25 per minute (or \$.45 for Maine) for such month.

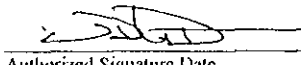
(b) Customer may not assign this Agreement or any of its rights or obligations hereunder without the prior written consent of MYCO.

(c) This Agreement and/or the rates or discounts herein are subject to approval by state and/or federal regulatory bodies.

(d) This Agreement and the Tariff constitute the entire agreement between the parties and supersede any prior or contemporaneous proposals, discussion, or agreements, whether verbal or written, concerning MYCOBIZ Service. Any amendments to this Agreement must be in writing and signed by both parties.

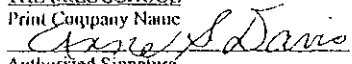
*adp* (Customer's Initials) Customer authorizes MYCO and its agents to: (i) use billing and usage information related to Customer's account to evaluate whether Customer would benefit from other telecommunications services offered by MYCO; and (ii) market such other telecommunications services to Customer.

AGREED TO AND ACCEPTED AS OF THE EFFECTIVE DATE:  
MYCO Technologies, Inc.

  
Authorized Signature Date  
Leonard D. LaDuron  
Operations Manager

THE MILL SCHOOL

Print Company Name

  
Authorized Signature

Print Name

3110 CRITTENTON PLACE, BALTIMORE, MD 21211

Customer Address

58-0591601

Taxpayer ID Number/SSN

1-14-00

Date

*CED*  
Title

(MYCO)

**LETTER OF AGENCY**  
(Authorization to Change Commercial Service Long Distance Carrier)  
Revised 1/24/99

<b>SALES INFORMATION</b>	
Account ID	Sales Rep ID: 1502
Sales Rep Name: Leonard	Sales Rep Phone Number:
Bill Cycle: Monthly	
Type of Change: <input checked="" type="checkbox"/> New <input type="checkbox"/> Add to Account <input type="checkbox"/> Admin. Change <input type="checkbox"/> Partial Disconnect	

**SERVICE AGREEMENT FOR CUSTOMERS WITH \$25.00 MONTHLY USAGE MINIMUM**

**MYCOBIZ Service**

-Service Provided by MYCO Technologies, Inc. (MYCO)-

Twelve (12) Month Term with Term Plus Promotion (122251-QB1Z069)  
MYCO offer to you for services as provided in this Agreement is effective until May 31, 2000.

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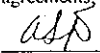
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AGREED TO AND ACCEPTED AS OF THE EFFECTIVE DATE:

(MYCO)

## LETTER OF AGENCY

(Authorization to Change Commercial Service Long Distance Carrier)

Revised 1/24/99

Account 11):

Customer Name: MIKE SCHOOL

**Additional Telephone Numbers to be PEC'ed**

[illegible]

Comments:





**E-Rate Grant Funding  
Service Provider's Contract**

**Internal Connections**